

Message Text

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TO AMEMBASSY BELGRADE
INFO AMCONSUL ZAGREB

C O N F I D E N T I A L STATE 227206

EXCON

E.O. 11652: GDS

TAGS: ESTC, YO

SUBJECT:EXPORT CONTROL PROCEDURES AND PRACTICES

REF: BELGRADE 4796

1) REFTEL RECEIVED JUST BEFORE INTERAGENCY MEETING TO DISCUSS STATUS PENDING YUGOSLAV APPLICATIONS AND IMPROVE PROCEDURES. DIMOV'S CONTINUED COOPERATIVE ATTITUDE WAS WELL RECEIVED, BUT NUMBER OF IMPORTANT ISSUES HE RAISED COULD NOT BE DISCUSSED IN VIEW OF LENGTHY AGENDA ALREADY ARRANGED. FOLLOWING MAY BE HELPFUL FOR EMBOFFS, SELECTIVELY, AND DIMOV.

2) DIRECT NOTIFICATION BY DIMOV TO EMBASSY OF END-USER INFORMATION. EMBASSY SHOULD PURSUE INITIATION THIS MEASURE AT EARLY DATE. IN VIEW OF TERMS OF REFERENCE UNDER WHICH EXCON OPERATES, STILL SEEMS EASIEST AND QUICKEST WAY OBTAIN NEEDED INFORMATION.
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3) IN CASES WHERE EQUIPMENT ORDERED IS OVERQUALIFIED OR UNSUITABLE FOR STATED END-USE, WE PLAN TO DENY APPLICATION WITH SUGGESTION TO APPLICANT MORE SUITABLE EQUIPMENT BE OFFERED TO YUGO IMPORTER. WE WILL INFORM EMBASSY WHEN SUCH

DENIALS TAKE PLACE SO THAT DIMOV CAN BE INFORMED. GOOD

EXAMPLE IS 350 MHZ OSCILLOSCOPE IN BEWT 158202, MENTIONED PARA THREE REFTEL. REVISED END-USE DOES NOT CHANGE SITUATION; EQUIPMENT GROSSLY OVERQUALIFIED. IMPORTANT TO TELL DIMOV THAT COMMERCE DENIES CASES IN FREE WORLD NOT ONLY TO FIRMS ON DENIAL LIST BUT ALSO WHEN TRANSACTIONS CAST DOUBT ON BONA FIDES OF DOMESTIC USE FOR STATED PURPOSE.

4) RE SHIPMENTS INTENDED FOR MILITARY (PARA FIVE), WE HAVE BEEN CONCERNED THAT UNSCRUPULOUS FIRMS MAKE SUCH STATEMENTS TO COVER OTHER PLANS. TRUST DIMOV'S SEEKING VERIFICATION FROM MILITARY THAT SHIPMENT INTENDED FOR THEM EITHER IN FORM RECEIVED OR IN MANUFACTURED PRODUCTS WILL DISCOURAGE FALSE STATEMENTS. RECEIPT BY US OF END-USE INFORMATION FROM DIMOV IDENTIFYING MANUFACTURED PRODUCTS THAT USE THE US GOODS CONCERNED WILL BE HELPFUL.

5) RE POST-SHIPMENT CHECKS, WE WILL BE INTERESTED IN KNOWING RESULTS OF DIMOV'S STUDY. WE ARE PRESENTLY APPROVING SOME APPLICATIONS WHICH NORMALLY WOULD CALL FOR PRE LICENSE CHECK, WIT; INTENTION REQUEST POST-SHIPMENT CHECK, BASED ON SENSITIVITY OF EQUIPMENT OR END-USER.

6. RE CONSIGNMENT STOCKS, THIS IS KNOTTY PROBLEM AT THE MOMENT. SINCE IBM/INTERTRADE APPLICATION IS FIRST IMPORTANT ONE TO ARISE WE MAY DISCUSS WITH IBM WHAT SENSITIVE GOODS ARE INVOLVED, VARIOUS MEANS TO SAFEGUARD GOODS, AND SIMILAR ISSUES IN ORDER TO DEVELOP MODUS OPERANDI. E.G., WE MAY REQUIRE THAT BOTH EUC (AN ATTACHMENT THERETO) AND EXPORT APPLICATION LIST CUSTOMERS FOR GOODS AS WELL AS NAME OF RECEIVER, INTERTRADE OR THE LIKE, AS AN UNDERTAKING THAT DELIVERIES WOULD BE CONFINED TO THOSE CUSTOMERS. LIST OF CUSTOMERS WOULD INCLUDE EVERY PARTY WITH LEGITIMATE NEED FOR GOODS, AND WOULD BE CLEARED, AS IT CONFIDENTIAL

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WERE, BY US PRIOR TO APPROVAL APPLICATION. WE DO NOT HAVE SO MUCH TROUBLE WITH AGENTS FOR RELATIVELY CAPTIVE GOODS, SUCH AS REPRESENTATIVES FOR COMPUTER COMPANIES, IBM, CDC ETC. AS WITH AGENTS FOR ASSORTED ELECTRONIC DEVICES, SUCH AS ELEKTROTEHNA, CONTAL, WHO DO NOT HAVE SUCH A STRONG TIE TO US COMPANY. CONSIGNMENT ISSUE WILL BE DEALT WITH IN LATER MESSAGE, WHEN EXPLORATION HERE COMPLETED.

7) DUPLICATE EUC'S (PARA TEN). THE ORIGINAL EUC IS SUPPOSED TO BE MADE OUT TO US FIRM AND ORIGINAL SUPPLIED TO COMMERCE WITH APPLICATION. TROUBLES ARISE WHEN EUC'S ARE MADE OUT TO EUROPEAN WAREHOUSES OR BRANCHES OF US FIRMS, E.G. TEKTRONIX GUERNSEY, RCA BELGIUM, AND GOODS ARE RE-EXPORTED FROM THERE. IN SUCH CASES, THIRD GOVERNMENT

REQUIRES ORIGINAL OF EUC; COMMERCE ACCEPTS XEROX. COMMERCE

HAS XEROX OF EUC U-445 FOR BEWT 159210 MADE OUT TO JUGO-TURBINA-COMMERCE AAGREB AND INTEL CORPORATION, MUNCHEN, WEST GERMANY. (WE ARE INCIDENTALLY AWAITING ANSWER TO PRE-LICENSE CHECK THIS CASE.) ALSO HAS ORIGINAL EUCU-2116 MADE OUT TO JEKLOTEHNA, MARIBOR AND ANALOGY (SIC) DEVICES USA FOR BEWT 150622. (THIS CASE ALSO PENDING ANSWER PRE-LICENSE CHECK.)

CARE IN ISSUING DUPLICATE CERTIFICATES SHOULD BE TAKEN, ESPECIALLY IF THIRD COUNTRY IS INVOLVED, BUT COMMERCE WOULD ACCEPT EUC MARKED DUPLICATE AND COUNTERSIGNED IN SOME WAY.

8. RE EUC'S FOR KNOW-HOW (PARA TEN BIS), WE HAVE NOT HERETOFORE REQUIRED THEM. COMMERCE REGULATIONS REQUIRE THAT US EXPORTER OF TECHNOLOGY OBTAIN WRITTEN ASSURANCES FROM IMPORTER THAT NEITHER TECHNOLOGY NOR END-PRODUCTS, IF MARKED BY LETTER A ON COMMODITY CONTROL LIST, WILL BE ONFORWARDED TO COUNTRY GROUPS SQWYZ WITHOUT USG PRIOR APPROVAL. UNAUTHORIZED REEXPORT OF TECHNOLOGY FOR STRATEGIC PRODUCTS DEFEATS EMBARGO OVER PRODUCTS THEMSELVES; THEREFORE USG MOST INTERESTED IN ENSURING THAT FOREIGN IMPORTERS TRULY UNDERSTAND THEIR COMMITMENTS UNDER THE ASSURANCES. PERHAPS BRINGING YUGOSLAV CHAMBER
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INTO THE ACT WOULD BE A GOOD MEASURE. HOWEVER, FOR THE TIME BEING, SUGGEST DIMOV ISSUE EUC FOR EQUIPMENT TO AMERICAN MICROSYSTEMS AND REFER THEM TO OEA, COMMERCE REGARDING TECHNOLOGY ISSUE.

9) INTERTRADE'S AUTHORIZATION FROM WEST GERMAN AUTHORITIES TO REEXPORT IBM GMBH GOODS PARA ELEVEN (NUMBER GARBLED) MAY INVOLVE WEST GERMAN MADE PRODUCTS THAT DO NOT INCORPORATE US PARTS AND COMPONENTS AND GERMAN PRODUCTS THAT DO; MAY ALSO BE PURE REEXPORT OF US ORIGIN GOODS. IF ANY US ELEMENT, USG AUTHORITY TO REEXPORT IS ALSO REQUIRED. WE WILL TAKE THIS UP WITH IBM.

10) IN CONCLUSION, BELIEVE THAT CONTINUED EFFORTS ALL PARTIES WILL RESULT IN EXPEDITIOUS HANDLING OF EXPORT APPLICATIONS WITH DUE REGARD TO SECURITY ISSUES. ROBINSON

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